

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE AND APPLICATION OF JACKSON)	
PURCHASE ELECTRIC COOPERATIVE)	
CORPORATION FOR PERMISSION TO FLOW)	
THROUGH A WHOLESALE RATE INCREASE)	
FILED BEFORE THE KENTUCKY PUBLIC)	CASE NO. 9167
SERVICE COMMISSION BYBIG RIVERS)	
ELECTRIC CORPORATION, DOCKET NO.)	
9163)	

O R D E R

IT IS ORDERED that Jackson Purchase Electric Cooperative Corporation ("Jackson Purchase") shall file an original and eight copies of the following information with the Commission, with a copy to all parties of record by February 15, 1985, or 2 weeks after the receipt of this Order, whichever is later. Each copy of the data requested should be placed in a bound volume with each item tabbed and an index of the information included therein. Where a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Careful attention should be given to copied material to insure that it is legible. Jackson Purchase shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each area of information requested. When applicable, reference can be made to the responses filed in Case No. 9007, Application of Jackson Purchase Electric Cooperative Corporation for Revised Rates for

Electric Service, which can be incorporated into the record under this docket. Similarly, references may be made to the original application where appropriate. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

Information Request No. 2

1. With reference to the proposed adjustment to interest on long-term debt, provide the following information:

a. In the Final Order of Case No. 8863, Notice and Application for Adjustment of Rates for Jackson Purchase Electric Cooperative Corporation, dated December 29, 1983, the Commission found that debt drawn down after the test period should not be allowed for rate-making purposes, with reference to Exhibit 6, page 6, of the application, it is reflected therein that Jackson Purchase is proposing to include a portion of the interest on funds scheduled to be drawn down subsequent to the test year. Please elaborate on and explain in detail the basis for this adjustment and provide evidence as to why the Commission should alter the position stated in the Final Order of Case No. 8863 on this issue.

b. With reference to the Direct Testimony of Jack D. Gaines, page 5, line 17, and the response to the first information request, Item No. 1, page 5 of 26, adjustment 5, the statements made therein infer that Jackson Purchase is proposing to include interest on only \$800,000 in unadvanced funds; however, Exhibit 6, page 6, the asterisked footnote, the table reflects that funds

totaling \$1,591,999 are included to project the \$628,638 adjustment. The discrepancy apparently is associated with the \$792,000 for construction completed in August of 1984. Explain the reason for this discrepancy and clarify the amount of unadvanced funds Jackson Purchase is requesting to be considered for inclusion in determining interest on long-term debt.

c. With reference to Exhibit 6, page 6, of the application, the asterisked footnote, second sentence, explain what funds are referred to and clarify the meaning of the phrase, "though these funds have advanced," and explain their relationship to the funds referred to in the first sentence in the phrase, "funds requisitioned but unadvanced."

d. With reference to the application, Exhibit 3, page 2, reflects an interest rate on notes outstanding with the Louisville Bank for Cooperatives ("LBC") of 11.50 percent; however, Exhibit 6, page 6, indicates a rate of 12.25 percent. Explain the reason for this discrepancy and indicate the date that each of these rates was in effect. Also, provide a list showing all changes in the interest rates charged by LBC relative to these notes since October 1, 1983.

2. Provide copies of the Monthly Inventory of Work Order, REA Form 29690, for the test year.

3. Provide a copy of the 1984 audit report as soon as it becomes available.

4. With reference to Exhibit 7, page 1, line 8, column c, of the application, explain why accumulated depreciation is

adjusted by \$<7,908>, whereas the proposed adjustment to depreciation expense is \$31,971, as reflected in Exhibit 6, page 5, adjustment 3.

5. With reference to the testimony of Mr. Gaines, Exhibit 9, page 4, lines 4-7 of the application, provide the following information:

a. In Case No. 8863, Mr. Gaines testified that the 7.86 percent line loss for the test year in that case was "abnormally high", and, therefore, the use of an average was appropriate. On what basis does Jackson Purchase believe the 4.85 percent line loss for the test year in this case is abnormal.

b. Cite each general rate case of Jackson Purchase since 1977 and state the method used to compute line loss used in each of the cases; also state the reason for the method used.

6. With reference to adjustment 1, pole treatment, provide the following information:

a. Provide the contract for the pole treatment program.

b. When did the program begin?

c. How many poles are in the Jackson Purchase system? Will all of them be inspected?

d. With reference to the response to Item No. 1 of the first information request, pages 2-4, the Asplundh invoices contained therein reflect \$21,778 charged for treating 2,312 poles, an average of \$9.42 per pole. With reference to Exhibit 6, page 4, of the application, provide a detailed explanation as to how the average cost per pole of \$11.08 was calculated. Also, as the

three invoices totaling \$21,778 were for services performed in the test year, why does Exhibit 6, page 4, reflect only \$14,510 booked in the test year?

7. With reference to the revised depreciation adjustment, provide the following information:

a. Provide a breakdown in the same format as shown on Schedule 7 of Jackson Purchase' response to the Commission's information request dated December 12, 1984, showing the calculation of the \$845,289 charged to depreciation expense during the test year.

b. Provide a detailed analysis showing how test year depreciation on transportation equipment was allocated through clearing accounts to the appropriate expense or plant accounts.

8. With reference to the tree trimming expense adjustment, provide the following information:

a. With reference to the response to the Commission's information request dated December 12, 1984, pages 3 and 5, explain why such a large percentage of tree trimming expenditures were capitalized during the test year and why none will be in 1985.

b. Provide a breakdown showing tree trimming expenditures capitalized and expensed in 1981, 1982, 1983, and 1984.

9. With reference to the first information request, Item No. 1, page 9, provide additional details of the \$82,000 payment including the purpose and whether the amount is considered equity in Big Rivers Electric Corporation.

10. With reference to the response to the Commission's information request dated December 12, 1984, pages 2-3, the testimony contained therein implies that it is Jackson Purchase's position that the test year proposed by Jackson Purchase, the 12 months ending September 30, 1984, is not representative of normal operations. If this is Jackson Purchase's position, why did Jackson Purchase propose to use September 30, 1984, as the test year?

11. Provide an explanation of how the amounts used as the energy adder for the SL and CLS rate schedules on page 2 of Exhibit 8 in the original application were calculated.

12. In the event absorption is deemed necessary by the Commission, would Jackson Purchase want to make any changes in the way they have proposed for the revenue increase to be included in the rates? If so, provide a detailed explanation of such a proposal.

Done at Frankfort, Kentucky, this 5th day of February, 1985.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary